

STATE OF SOUTH CAROLINA

Request of South Carolina Electric & Gas Company for an order authorizing the withdrawal of certain funds from its Storm Damage Reserve Fund to offset those costs incurred in connection with its tree trimming and vegetation management programs for its electric transmission and distribution systems

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2008 - 416 - E

(Please type or print)

Submitted by: K. Chad Burgess

SC Bar Number: 69456

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

- ☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously
- ☐ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input checked="" type="checkbox"/> Report		



K. Chad Burgess
Assistant General Counsel

chad.burgess@scana.com

August 16, 2010

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Petition of South Carolina Electric & Gas Company for an order authorizing the withdrawal of certain funds from its Storm Damage Reserve Fund to offset those costs incurred in connection with its tree trimming and vegetation management programs for its electric transmission and distribution systems
Docket No. 2008-416-E

Dear Ms. Boyd:

By Order No. 2009-845, dated December 4, 2009, issued in the above-referenced docket, the Public Service Commission of South Carolina ("Commission") authorized South Carolina Electric & Gas Company ("SCE&G" or "Company") to withdraw certain amounts from its Storm Damage Reserve Fund to offset incremental expenses incurred in connection with the Company's distribution and transmission tree trimming and vegetation management programs. As part of its Order, the Commission required that SCE&G file a mid-year report concerning its tree trimming and vegetation management programs. In compliance with Order No. 2009-845, please find enclosed for filing SCE&G's mid-year report.

By copy of this letter, we are serving counsel for the South Carolina Office of Regulatory Staff with a copy of the mid-year report and enclose a certificate of service to that effect.

If you have any questions or concerns, please do not hesitate to contact us.

Very truly yours,

K. Chad Burgess

KCB/kms

Enclosure

cc: John W. Flitter

Jeffrey M. Nelson, Esquire

(both via electronic and First Class U.S. Mail w/enclosure)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2008-416-E

IN RE:

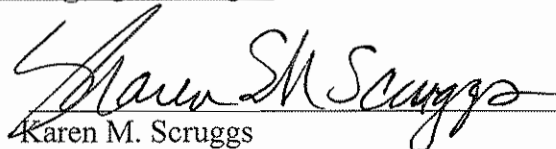
Petition of South Carolina Electric & Gas)
for an order authorizing the withdrawal of)
certain funds from its Storm Damage)
reserve Fund to offset those costs incurred)
in connection with its tree trimming and)
vegetation management programs for its)
electric transmission and distribution)
systems)
_____)

**CERTIFICATE
OF SERVICE**

This is to certify that I have caused to be served this day one (1) copy of South Carolina Electric & Gas Company's **Mid-Year Report** via First Class U.S. Mail and electronic mail to the persons named below at the addresses set forth:

Jeffrey M. Nelson, Esquire
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John W. Flitter
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Karen M. Scruggs

Columbia, South Carolina

This 16th day of August 2010

**Mid-Year Report to the
Public Service Commission of South Carolina
Submitted by South Carolina Electric & Gas Company
Pursuant to Public Service Commission Order No. 2009-845**

I. Background

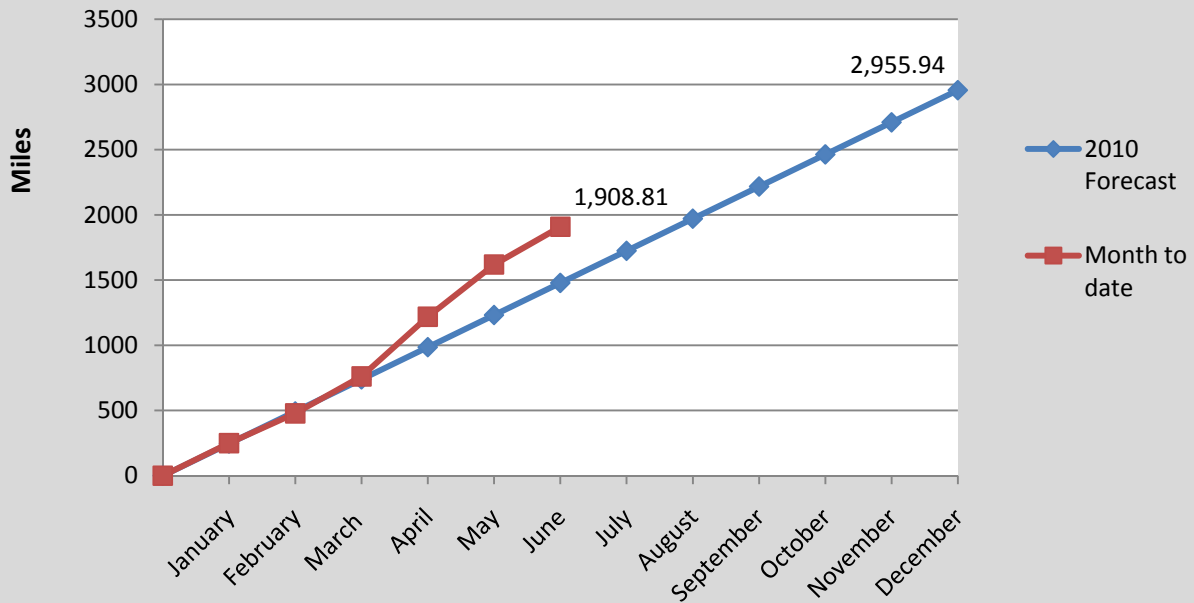
On December 4, 2009, the Public Service Commission of South Carolina (“Commission”) issued Commission Order No. 2009-845 (“Order”) authorizing South Carolina Electric & Gas Company (“SCE&G” or “Company”) to withdraw up to a maximum of \$6,800,000 during the calendar year 2010 from its Storm Damage Reserve Fund to offset incremental costs, defined as annual costs in excess of the level currently provided for in base rates (approximately \$13.2 million), incurred in connection with the Company’s distribution and transmission tree trimming and vegetation management programs. In its Order, the Commission required SCE&G to file a mid-year report no later than August 15, 2010 showing:

1. SCE&G’s progress through June 30, 2010.
2. SCE&G’s vegetation management plan.
3. Circuits that have been cleared.
4. Cost per circuit cleared.
5. Before and after pictures.
6. Before and after data of outages.
7. The Balance in the Storm Damage Reserve Fund as of June 30, 2010.
8. The amount withdrawn from the Storm Damage Reserve Fund relating to the Tree Trimming and Vegetation Management Program as of June 30, 2010.

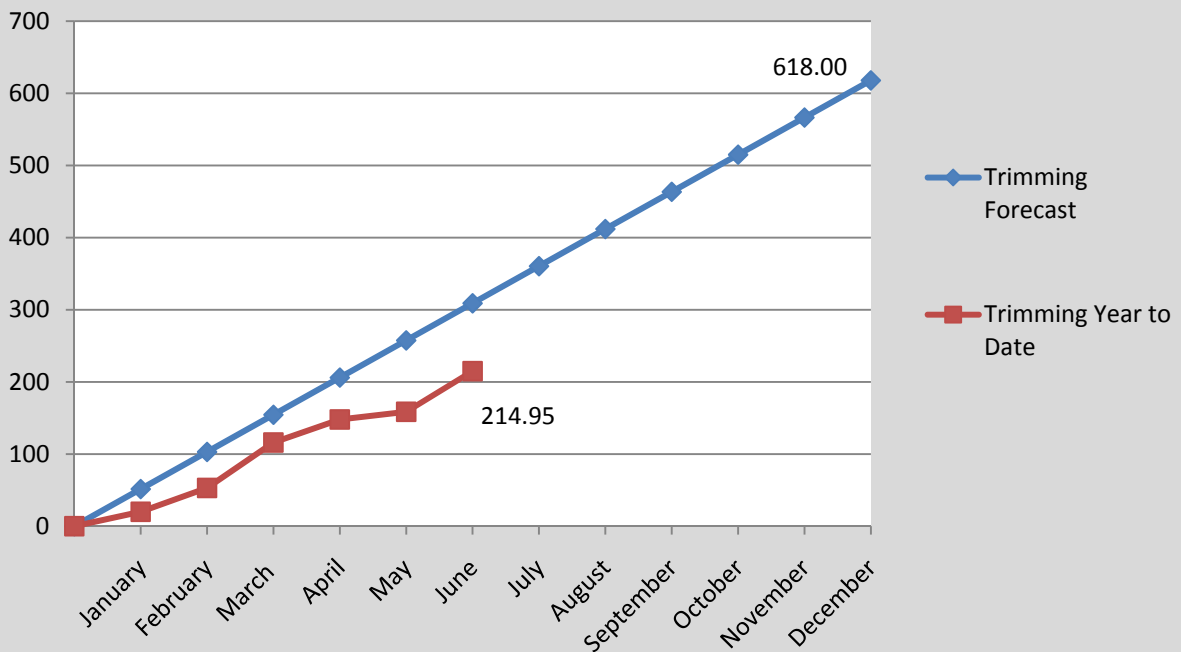
II. Progress through June 30, 2010

In an effort to improve reliability across SCE&G’s system and improve tolerance to weather related events such as ice storms, severe thunderstorms, tropical storms and hurricanes, SCE&G anticipates completing tree trimming and vegetation management activities along approximately 2,956 miles of distribution line and approximately 618 miles of transmission line in the calendar year 2010. As of June 30, 2010, the Company has completed approximately 1,909 miles or 65% of its planned tree trimming and vegetation management activities along its distribution lines. Further, the Company has completed approximately 215 miles or 35% of its planned tree trimming and vegetation management activities along its transmission lines as of June 30, 2010. The graphs below show the Company’s actual progress in miles versus its planned activities.

2010 Distribution Line Clearing Plan



2010 Transmission Line Clearing Plan



III. Vegetation Management Plan

SCE&G continues to maintain both a transmission and distribution vegetation management plan. In 2006, the North American Reliability Council (“NERC”) issued Reliability Standard FAC-003-1 requiring electric utilities to maintain a formal transmission vegetation management program. At the time the Company filed its 2009 Mid-Year Report it provided the Commission and the South Carolina Office of Regulatory Staff with a copy of SCE&G’s formal transmission vegetation management program. As of June 30, 2010, the Company has not made any changes to this program.

With regard to its distribution vegetation management program (“DVMP”) which is modeled after its formal transmission vegetation management program, the Company continues to include within the DVMP the following basic criteria:

- Circuit Reliability
- Last Trim Date of Circuit
- Critical Customers on Circuit – *i.e.*, hospitals, lift stations.
- Management Input/Condition of Circuit

More specifically, the Company (i) assigns each circuit a reliability index, (ii) identifies each circuit’s most recent tree trimming and vegetation management cycle, (iii) identifies critical customers (*i.e.*, hospitals) using electric power on each circuit, and (iv) discusses vegetation management practices with the Company’s local operating managers who are responsible for overseeing the management of each circuit. Each circuit is evaluated and prioritized according to the line clearing criteria stated above.

In order to implement its DVMP, the Company issues requests for proposals offering vegetation management contractors the opportunity to submit bids on the tree trimming/vegetation management activities that SCE&G seeks to perform. After evaluating the bids, SCE&G selects various contractors to perform the necessary tree trimming/vegetation management activities. The Company then assigns these contractors to specific geographical areas within each circuit and dispatches them to perform the necessary work. SCE&G assigns local operating personnel from the Company to monitor the activities of the contractors to ensure strict adherence to the DVMP. As work is performed under the DVMP, the management of SCE&G’s electric operations reviews the program’s results and expenses on a monthly basis.

Approximately one year after conducting the initial tree trimming and vegetation management on various circuits under the DVMP, SCE&G returns to the areas previously maintained and applies foliar herbicide which suppresses the sprouting of unwanted vegetation such as volunteer gum, oak, and pine while simultaneously promoting the growth of native grasses on the Company’s rights-of-way. As of June 30, 2010, SCE&G has not made any changes to its DVMP.

IV. Circuits that Have Been Cleared and Cost per Circuit

Below are tables which contain updated information identifying the distribution and transmission circuits that SCE&G has cleared as of June 30, 2010. In addition, these tables show the total cost to clear the circuit and the cost per mile for each circuit. Note that these tables only include circuits that have been cleared in their entirety, whereas the graphs in section II of this report include all clearing activity, including circuits where clearing activities are still in progress.

A. Distribution

Columbia District

Circuit	Cost	Miles	Cost per Mile
Calhoun Street - 79312	\$ 52,571.10	6.9	\$ 7,619.00
Carlisle - 11912	\$ 346,161.60	71.8	\$ 4,821.19
Circle Drive - 77911	\$ 24,428.30	1.9	\$ 12,857.00
Colonial Heights - 80012	\$ 48,610.10	5.9	\$ 8,239.00
Kilbourne Pk - 71212	\$ 83,316.88	8.7	\$ 9,576.65
Lexington Eastside - 42812	\$ 68,380.59	8.9	\$ 7,683.21
Lexington Transm - 15432	\$ 75,088.43	11.6	\$ 6,473.14
Lexington Transm - 25062	\$ 87,390.99	10.7	\$ 8,167.38
Lexington West Side - 10132	\$ 228,682.23	34.5	\$ 6,628.47
Middleburg - 89212	\$ 42,888.32	3.7	\$ 11,591.44
Midway - 11841	\$ 28,517.75	4.5	\$ 6,337.28
Richland Mall - 73822	\$ 41,612.02	3.6	\$ 11,558.89
Richland Mall - 74222	\$ 80,996.97	5.7	\$ 14,209.99
Rosewood - 42511	\$ 34,712.70	3.6	\$ 9,642.42
Victory Gardens - 23511	\$ 79,264.72	7.7	\$ 10,294.12
Williams Street - 32112	\$ 75,797.46	9.2	\$ 8,238.85
Total	\$ 1,398,420.16	198.9	\$ 7,030.77

Charleston District

Circuit	Cost	Miles	Cost per Mile
Bee Street - 90152	\$ 29,715.46	4.2	\$ 7,075.11
Bee Street - 90532	\$ 13,487.17	2.05	\$ 6,579.11
Bee Street - 90582	\$ 56,255.50	6.33	\$ 8,887.12
Bee Street - 90592	\$ 57,172.96	7.58	\$ 7,542.61
Bee Street - 90612	\$ 11,180.22	1.37	\$ 8,160.74
Bee Street - 90632	\$ 24,175.79	3.29	\$ 7,348.26
Bee Street - 90642	\$ 30,705.67	3.98	\$ 7,714.99
Church Creek - 90822	\$ 21,147.71	4.67	\$ 4,528.42
Folly Beach - 92212	\$ 17,754.86	1.82	\$ 9,755.42
Folly Beach - 92222	\$ 17,922.36	3.03	\$ 5,914.97
Fort Johnson - 92232	\$ 113,766.31	13.28	\$ 8,566.74
Fort Johnson - 92242	\$ 109,545.02	11.37	\$ 9,634.57
Hanahan - 90032	\$ 40,276.99	10.8	\$ 3,729.35
James Island - 03578	\$ 90,471.64	10.04	\$ 9,011.12
James Island - 90132	\$ 58,501.27	5.88	\$ 9,949.20
James Island - 03582	\$ 73,948.27	16.97	\$ 4,357.59
James Island - 90142	\$ 23,022.77	6.1	\$ 3,774.22
James Prioleau - 92112	\$ 166,789.86	23.79	\$ 7,010.92
James Prioleau - 92122	\$ 938.19	0.61	\$ 1,538.02
Rantowles - 92012	\$ 56,340.51	19.17	\$ 2,938.99
Rantowles - 92022	\$ 82,920.57	22.88	\$ 3,624.15
Sullivans Island - 00912	\$ 14,355.51	1.85	\$ 7,759.74
Sullivans Island - 00922	\$ 12,339.00	1.82	\$ 6,779.67
Sullivans Island - 10401	\$ 9,061.60	1.4	\$ 6,472.57
Sullivans Island - 10403	\$ 6,797.95	1.1	\$ 6,179.95
Sullivans Island - 10422	\$ 12,429.10	2.12	\$ 5,862.78
Total	\$ 1,151,022.26	187.5	\$ 6,138.79

Low Country District

Circuit	Cost	Miles	Cost per Mile
Old Fort - 70082	\$ 16,533.00	4.04	\$ 4,092.33
Saint George - 71122	\$ 48,169.68	16.28	\$ 2,958.83
Salley - 74111	\$ 137,942.86	33.62	\$ 4,103.00
Salley Junction - 50502	\$ 55,529.90	19.94	\$ 2,784.85
Salley Junction - 50602	\$ 820.60	0.2	\$ 4,103.00
Wagener - 73412	\$ 275,588.31	71.64	\$ 3,846.85
Woodford - 12312	\$ 52,477.82	14.69	\$ 3,572.35
Total	\$ 587,062.17	160.41	\$ 3,659.76

Southern District

Circuit	Cost	Miles	Cost per Mile
Bluffton-A - 60902	\$ 104,079.37	16.25	\$ 6,404.88
Burton Central - 60112	\$ 23,540.70	3.8	\$ 6,194.92
Burton Central - 60572	\$ 51,878.36	9.2	\$ 5,638.95
Callawassie - 60702	\$ 188,776.18	32.92	\$ 5,734.39
Frogmore - 02152	\$ 21,603.60	4.8	\$ 4,500.75
Ladies Island - 60132	\$ 111,592.51	21.35	\$ 5,226.82
Total	\$ 501,470.72	88.32	\$ 5,677.88

Western District

Circuit	Cost	Miles	Cost per Mile
Aiken Transmission - 35142	\$ 43,844.75	11.67	\$ 3,757.05
Denmark - 03292	\$ 23,151.25	4.54	\$ 5,099.39
Denmark Industrial Park - 50302	\$ 125,485.74	45.36	\$ 2,766.44
Langley - 30062	\$ 60,256.00	21.52	\$ 2,800.00
Leesville - 62711	\$ 90,493.39	23.06	\$ 3,924.26
Sweetwater - 30112	\$ 28,776.00	6.82	\$ 4,219.35
Ward - 20702	\$ 76,398.60	32.84	\$ 2,326.39
Total	\$ 448,405.73	145.81	\$ 3,075.27

B. Transmission

Circuit	Cost	Miles	Cost per Mile
Edenwood-Cola Energy 230kV	\$ 60,846.50	9.94	\$ 6,121.38
Graniteville-Urquhart	\$ 64,497.25	17.54	\$ 3,677.15
Killian-Pineland-Sandhill	\$ 52,235.00	7.16	\$ 7,295.39
Lyles-West Columbia	\$ 11,817.11	3.52	\$ 3,357.13
Urquhart-Graniteville	\$ 44,114.13	21.4	\$ 2,061.41
Vogtle-SRP 230kV (Tie)	\$ 34,266.72	17.41	\$ 1,968.22
Wateree-Denny Terrace 230kV	\$ 79,139.86	8.67	\$ 9,128.01
Church Creek-Faber Place	\$ 29,727.00	3.97	\$ 7,487.91
Church Creek-Faber Place 230kV	\$ 17,124.60	3.92	\$ 4,368.52
Yemassee-SanteeCooper (Tie)	\$ 9,519.41	2.83	\$ 3,363.75
Total	\$ 403,287.58	96.36	\$ 4,185.22

V. Before and After Pictures

Below are photographs of portions of circuits that have been cleared. These photographs show the positive results of SCE&G's tree trimming and vegetation management activities.

Columbia – Williams Street ckt 23112



Before



After

LowCountry – Wagener 73412



Before



After

Southern – Burton ckt 60102



Before



After

Western – Koon's Pt @ Spring Creek



Before



After

Wateree-Denny Terrace 230kV



Before



After

Faber Place-Accabee 115kV



Before



After

Yemassee-Burton 115kV



Before



After

St George-Dorchester 46kV



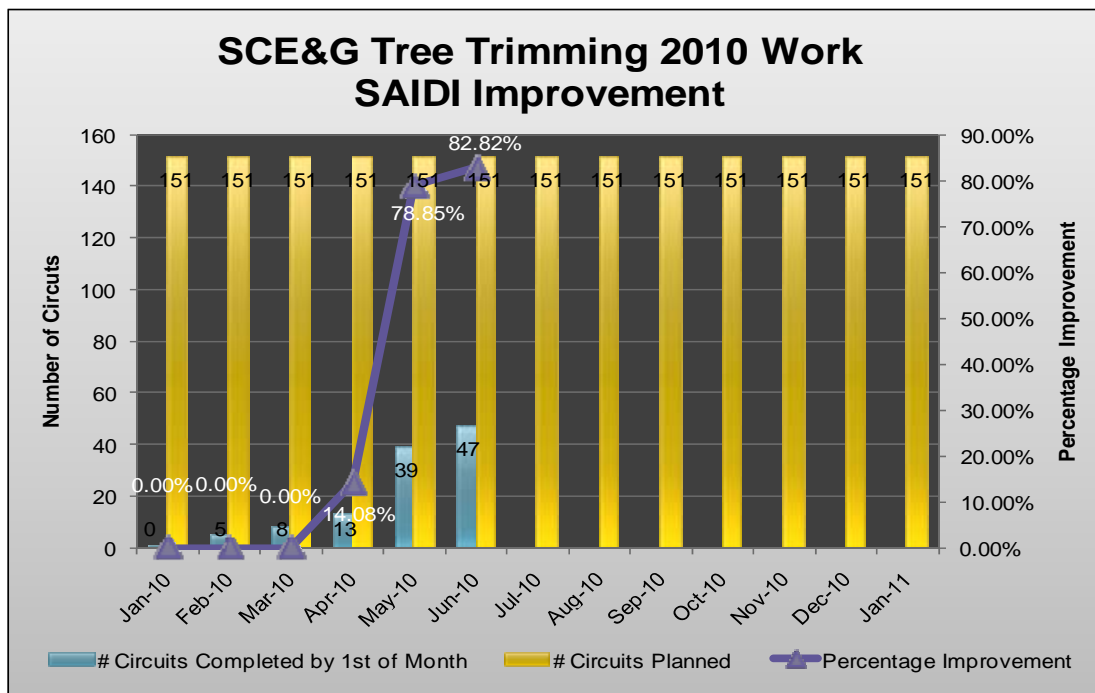
Before



After

VI. Before and After Data of Outages

SCE&G uses the System Average Interruption Duration Index (“SAIDI”) to measure its frequency and duration of outages. The graph below depicts the percentage SAIDI improvement (82.82%) in vegetative related outages for circuits completely trimmed (47) through June 30, 2010, compared to the past twelve months of outage minutes for the same circuits prior to trimming.



VII. Storm Damage Reserve Fund Balance at June 30, 2010

As of June 30, 2010, the balance in SCE&G's storm damage reserve fund was \$46,039,168.

VIII. Amount Withdrawn From Storm Damage Reserve Fund for Tree Trimming and Vegetation Management as of June 30, 2010

Through June 30, 2010, SCE&G had withdrawn \$8,948,614 from its storm damage reserve for tree trimming and vegetation management activities related to calendar years 2008 and 2009. The Company has not withdrawn any funds related to 2010 tree trimming and vegetation management activities. However, SCE&G expects to withdraw \$6,800,000 related to 2010 activity by December 31, 2010.

IX. Conclusion

Vegetation management is one of the many critical components required to ensure that SCE&G provides safe and reliable electric service to its customers. As demonstrated above, SCE&G's vegetation management plan is contributing to the improved reliability of the Company's system and increasing the system's tolerance to weather related events which is beneficial to SCE&G and its customers.